

Message Text

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TO AMEMBASSY KUWAIT

C O N F I D E N T I A L STATE 009962

KUWAIT PLEASE POUCH TO BAGHDAD

FOLLOWING REPEAT STATE 009962 ACTION ALL DIPLOMATIC POSTS
15 JANUARY 76.

QUOTE

C O N F I D E N T I A L STATE 009962

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: CIEC DIALOGUE

REF: A. STATE 265665; B. PARIS 33158; C. DELHI 456.

1. THIS CABLE PROVIDES OUR EVALUATION OF THE DECEMBER 16-18
CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC) AND
ASSESSMENT OF THE PROSPECTS FOR THE MULTILATERAL ECONOMIC
DIALOGUE. EMBASSIES SHOULD DRAW ON IT AS APPROPRIATE IN
DISCUSSIONS WITH HOST GOVERNMENT OFFICIALS. IN YOUR CON-
VERSATIONS YOU SHOULD TAKE A GENERALLY UPBEAT LINE, STRESS-
ING OUR COMMITMENT TO CONSTRUCTIVE DEBATE AND PROGRESS WITH-
IN EACH OF THE COMMISSIONS -- PROVIDING OTHER PARTICIPANTS
ARE SIMILARLY COMMITTED. AT THE SAME TIME, YOU SHOULD NOT
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MINIMIZE THAT DIFFERENCES ON SPECIFIC ISSUES EXIST BETWEEN
DEVELOPED AND DEVELOPING COUNTRIES, STRESSING THAT WE MUST
SEEK TO COME TO GRIPS WITH THESE DIFFERENCES IN A REALISTIC
AND PRAGMATIC FASHION AND AVOID UNPRODUCTIVE RHETORIC.

EMBASSIES IN CIEC CAPITALS SHOULD SEEK TO MAINTAIN CLOSE CONTACT WITH HOST GOVERNMENT OFFICIALS CONCERNED WITH CIEC AND ITS FOUR COMMISSIONS AND REPORT FULLY ON HOST GOVERNMENTS' EVOLVING ATTITUDE TOWARD DIALOGUE.

2. THE CIEC MEETING IN PARIS AT MINISTERIAL LEVEL SUCCESSFULLY LAUNCHED THE FOUR COMMISSIONS TO DEAL WITH ENERGY, RAW MATERIALS, DEVELOPMENT, AND RELATED FINANCIAL ISSUES; APPROVED THE PROCEDURAL ARRANGEMENTS FOR THE DIALOGUE WORKED OUT AT THE OCTOBER PREPARATORY MEETING (PREPCON); AND REINFORCED THE COOPERATIVE ATMOSPHERE OF THE UNGA'S SEVENTH SPECIAL SESSION AND THE OCTOBER PREPCON. THE ONLY DISCORDANT NOTE WAS THE ATTEMPT OF THE DEVELOPING COUNTRY GROUP, SPEARHEADED BY ALGERIA, TO REOPEN THE TICKLISH ISSUE OF GENERAL GUIDELINES FOR THE COMMISSIONS, WHICH HAD CONSUMED MUCH OF THE PREPCON'S TIME AND HAD BEEN RESOLVED WITH A DELICATELY NEGOTIATED COMPROMISE (SEE REFTEL A). WE WERE SUCCESSFUL IN AVOIDING REOPENING THIS ISSUE AT THE CIEC MEETING AND THE GUIDELINES AGREED TO AT THE OCTOBER PREPCON WERE PRESERVED. BUT WE DID AGREE TO AN ALGERIAN SUGGESTION FOR A MEETING OF THE CONFERENCE CO-CHAIRMEN AND THE CO-CHAIRMEN OF THE FOUR COMMISSIONS ON JANUARY 26. THIS MEETING WILL "PREPARE FOR THE WORK OF THE FOUR COMMISSIONS"... "WITHIN THE FRAMEWORK OF THE GENERAL GUIDELINES" AGREED TO IN OCTOBER.

3. WE WILL TRY TO KEEP THE JANUARY 26 MEETING OF CO-CHAIRMEN FOCUSED ON PROCEDURAL QUESTIONS, SUCH AS ESTABLISHMENT OF THE SECRETARIAT, POSSIBLE RECEIPT OF NEW TOPICS FOR DISCUSSION BY THE COMMISSIONS AND DETERMINATION OF FREQUENCY AND DURATION OF COMMISSION MEETINGS. WE PREFER SHORT (3-5 DAY) MEETINGS OF THE COMMISSIONS EVERY 4-6 WEEKS, WHEREAS A NUMBER OF LDCS, INCLUDING LDC CONFERENCE CO-CHAIRMAN PEREZ GUERRERO, HAVE ARGUED IN FAVOR OF EXTENDED SESSIONS LASTING SEVERAL WEEKS. WE WILL OPPOSE -- AS WILL THE OTHER INDUSTRIALIZED COUNTRY CO-CHAIRMEN -- ANY ATTEMPT TO REOPEN THE GUIDELINES ISSUE BEYOND ADDING ITEMS TO THE

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LISTS OF TOPICS FOR DISCUSSION OR TO PERMIT THE CO-CHAIRMEN GROUP TO DETERMINE COLLECTIVELY THE AGENDAS AND WORK PROGRAMS FOR THE INDIVIDUAL COMMISSIONS.

4. THE ISSUE OF GENERAL GUIDELINES GOES TO THE HEART OF THE DIFFERENCE IN PERSPECTIVE FOR THE DIALOGUE BETWEEN THE INDUSTRIALIZED COUNTRIES AND MANY OF THE DEVELOPING COUNTRIES. WE OPPOSE A STRONG SUPERVISORY ROLE FOR THE CONFERENCE OF 27 BECAUSE THIS COULD LEAD TO THE CREATION OF A MINI-UN WITH EMPHASIS ON DOCTRINAIRE NORTH/SOUTH RHETORIC AND PROVIDE THE MORE RADICAL LDCS YET ANOTHER FORUM TO PROMOTE THE CONCEPT OF THE NEW INTERNATIONAL ECONOMIC ORDER. ON THE OTHER HAND, A COMMISSIONS - CONTROLLED DIALOGUE WILL

MAXIMIZE THE POSSIBILITY FOR CONSTRUCTIVE TREATMENT OF REAL AND PRESSING PROBLEMS THROUGH DISCUSSION OF SPECIFIC ISSUES BY SMALL GROUPS OF DIRECTLY CONCERNED PARTICIPANTS. BE-

CAUSE WE BELIEVE RESTRICTED AND LARGELY AUTONOMOUS COMMISSIONS ARE BEST ABLE TO ACHIEVE PRACTICAL RESULTS AND HELP FULFILL SOME OF THE EXPECTATIONS FOR INTERNATIONAL COOPERATION THAT CAME OUT OF THE UNGA SEVENTH SPECIAL SESSION, WE HAVE CONSISTENTLY INSISTED THAT EACH COMMISSION SHOULD ESTABLISH ITS OWN WORK PROGRAM AND DECIDE HOW VARIOUS ISSUES WITHIN ITS AREAS OF CONCERN SHOULD BE TREATED.

5. REPS OF SOME DEVELOPING COUNTRIES HAVE PRESSED FOR THE CONFERENCE OF 27 TO HAVE CLOSE SUPERVISION AND COORDINATION OVER THE WORK OF THE COMMISSIONS. TO THIS END, THEY HAVE TRIED TO GET THE CONFERENCE TO ESTABLISH BOTH SPECIFIC GUIDELINES AND THE AGENDAS FOR THE COMMISSIONS WHICH COULD LARGELY PREJUDGE THE RESULTS OF THEIR WORK; THEY MAY PRESS THESE VIEWS AGAIN AT THE JANUARY 26 CO-CHAIRMEN MEETING. FURTHERMORE, WITH A STRONG SUPERVISORY ROLE FOR THE CONFERENCE, LDC PARTICIPANTS--PARTICULARLY THE OIL PRODUCERS--BELIEVE THEY CAN MORE EFFECTIVELY LINK THE WORK OF THE FOUR COMMISSIONS AND HOLD TOGETHER A UNITED LDC FRONT THROUGHOUT THE DIALOGUE. (WE THINK SEPARATION OF ISSUES INTO THE FOUR COMMISSIONS WILL PROMOTE A MORE PRACTICAL DISCUSSION SINCE THE INTERESTS OF LDCS ARE NOT THE SAME ON SPECIFIC ISSUES, E.G., NON-OIL LDCS AND OPEC STATES VIEW HIGH OIL PRICES DIFFERENTLY.)

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6. IN DISCUSSION WITH HOST GOVERNMENT OFFICIALS IN SAUDI ARABIA, IRAN, VENEZUELA, ALGERIA, AND PERU, IF SUBJECT COMES UP, EMBASSIES SHOULD NOTE OUR VIEW THAT PURPOSE OF JANUARY 26 MEETING IS TO WRAP-UP ALL OUTSTANDING PROCEDURAL ISSUES SO THAT THE COMMISSIONS CAN MOVE DIRECTLY TO ESTABLISH THEIR AGENDAS AND WORK PROGRAMS AT THEIR FIRST MEETING.

7. THE COMMISSIONS WILL HOLD THEIR FIRST MEETINGS IN PARIS ON FEBRUARY 11. THESE SHOULD BE PRIMARILY ORGANIZATIONAL MEETINGS. WE EXPECT MOST OF THE SESSIONS TO BE OCCUPIED WITH AGREEING ON THEIR WORK PROGRAMS FOR THE NEXT YEAR. DISCUSSION OF SUBSTANCE, IF ANY, WILL LIKELY BE GENERAL IN NATURE AT THIS FIRST MEETING. THE REAL SUBSTANCE OF THE DIALOGUE SHOULD COMMENCE IN MARCH, PRESUMABLY ON THE BASIS OF PRIORITIES ESTABLISHED AT THE FEBRUARY MEETING.

8. WE WANT THE NON-ENERGY COMMISSIONS TO SERVE PRIMARILY AS ENERGIZING CENTERS TO GIVE IMPETUS TO ON-GOING WORK IN EXISTING FORUMS AND TO STIMULATE NEW EFFORTS WHERE DESIRABLE; WE HAVE AGREED THAT EACH COMMISSION WILL DISCUSS ANY RELEVANT SUBJECT PROPOSED BY ITS PARTICIPANTS. SINCE THERE IS NO EXISTING INTERNATIONAL BODY ON ENERGY WHOSE MEMBERSHIP CONTAINS INDUSTRIALIZED, NON-OIL DEVELOPING, AND OIL-PRODUCING

NATIONS, WE EXPECT THE ENERGY COMMISSION TO HAVE A SOMEWHAT BROADER FUNCTION.

9. WE THINK THE ENERGY COMMISSION SHOULD CONCENTRATE ITS WORK IN TWO AREAS. FIRST, IT SHOULD ANALYZE THE RELATIONSHIP OF ENERGY SUPPLY, DEMAND, AND PRICES TO THE DEVELOPMENT OF THE GLOBAL ECONOMY IN AN EFFORT TO SEEK TO NARROW THE DIFFERENCES IN PERCEPTIONS OF THIS RELATIONSHIP AMONG THE PARTICIPANTS. SECOND, THE ENERGY COMMISSION SHOULD PROMOTE COOPERATIVE ENDEAVORS AMONG PRODUCERS AND CONSUMERS TO DEVELOP NEW ENERGY SUPPLIES, TO ACCELERATE AND SMOOTH THE INTEGRATION OF THE PRODUCING COUNTRIES INTO THE GLOBAL ECONOMY, AND TO FACILITATE THE TRANSFER OF ENERGY-RELATED TECHNOLOGY AND EXPERTISE TO THE NON-OIL DEVELOPING COUNTRIES TO HELP RELIEVE THEIR ENERGY BURDENS.

10. IN THE RAW MATERIALS COMMISSION, WE WILL WORK TO ESTABLISH THE CONDITIONS FOR STABLE LONG-TERM SUPPLIES
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OF RAW MATERIALS VITAL TO GLOBAL PROGRESS AT PRICES THAT ARE REMUNERATIVE TO PRODUCERS AND FAIR TO CONSUMERS. WE WILL SEEK TO GAIN CONSENSUS FOR THE SECRETARY'S PROPOSALS TO THE UNGA SEVENTH SPECIAL SESSION RELEVANT TO THE WORK OF THIS COMMISSION.

11. IN THE DEVELOPMENT COMMISSION, WE WILL SEEK TO ACCELERATE ECONOMIC DEVELOPMENT IN ALL NATIONS, ESPECIALLY THE POOREST. WE WILL PUSH AS A FIRST PRIORITY FOR THIS COMMISSION TO EXAMINE THE CAUSES OF THE LARGE LDC BALANCE OF PAYMENTS DEFICITS AND BRING TOGETHER THE INDUSTRIAL NATIONS AND THE WEALTHY OIL NATIONS TO PROVIDE FINANCIAL SUPPORT FOR THE DEVELOPMENT INITIATIVES WE AND OTHERS PUT FORWARD AT THE UNITED NATIONS SEVENTH SPECIAL SESSION.

12. WE INITIALLY TOOK THE POSITION THAT THE FINANCIAL COMMISSION SHOULD DEAL ONLY WITH FINANCIAL ISSUES RELATED TO THE WORK OF THE OTHER COMMISSIONS. THIS PROVED UNTENABLE, HOWEVER, AND THE FINANCIAL COMMISSION WILL HAVE AN INDEPENDENT WORK PROGRAM. WE HOPE THE WORK WILL CONCENTRATE ON THE CONDITIONS FOR INTERNATIONAL INVESTMENT, THE GLOBAL BALANCE OF PAYMENTS POSITION, TRIANGULAR INVESTMENTS IN LDCS COMBINING DC TECHNOLOGY AND OPEC CAPITAL, AND DC ASSISTANCE TO OPEC AND LDCS IN DEVELOPING DOMESTIC CAPITAL MARKETS. WE ARE ALSO PREPARED TO DISCUSS QUESTIONS SUCH AS THE MAINTENANCE OF VALUE OF OPEC FINANCIAL ASSETS TO WHICH KEY OPEC COUNTRIES GIVE A HIGH PRIORITY. WE WILL RESIST THE SCHEDULING OF WORK ON ISSUES DIRECTLY RELATED TO THE STRUCTURE, FUNCTIONING, DECISIONS AND SPECIFIC POLICIES OF THE IMF AND IBRD.

13. EMBASSY SHOULD INFORM CIEC GOVERNMENT OFFICIALS OF

FOLLOWING REGARDING US HEADS OF DELEGATION TO THE FOUR COMMISSIONS.

RAW MATERIALS -- JULIUS L. KATZ, HEAD OF DELEGATION, DEPUTY ASSISTANT SECRETARY FOR ECONOMIC AND BUSINESS AFFAIRS, DEPARTMENT OF STATE.

DEVELOPMENT -- PAUL H. BOEKER, HEAD OF DELEGATION, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL FINANCE AND DEVELOPMENT, DEPARTMENT OF STATE.
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MENT, DEPARTMENT OF STATE.

ENERGY -- STEPHEN W. BOSWORTH, INDUSTRIAL COUNTRY CO-CHAIRMAN, AND HEAD OF DELEGATION, DIRECTOR, OFFICE OF FUELS AND ENERGY, DEPARTMENT OF STATE.

FINANCE -- JOHN M. NIEHUSS, HEAD OF DELEGATION, DEPUTY ASSISTANT SECRETARY FOR FINANCIAL RESOURCES AND ENERGY POLICY, TREASURY.

AT THE SAME TIME, YOU SHOULD REQUEST NAMES AND RANKS OF MEMBERS OF HOST COUNTRY DELEGATION. EMBASSY SHOULD PROVIDE BIO DATA ON THESE PERSONS. KISSINGER UNQUOTE KISSINGER

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